

AUSTIN AFFORDABLE HOUSING CORPORATION



BOARD OF DIRECTORS Regular Meeting

**Thursday, November 16, 2017
12:00 noon**

at

**HACA's Central Office
1124 S. IH-35
Austin, TX 78704**



**PUBLIC NOTICE OF A MEETING
TAKE NOTICE OF A BOARD OF DIRECTORS
REGULAR BOARD MEETING
OF THE
AUSTIN AFFORDABLE HOUSING CORPORATION**

**TO BE HELD AT
HACA's Central Office
1124 S. IH 35, Austin, Texas
(512.477.4488)**

COMMENCING AT 12:00 NOON ON THURSDAY, NOVEMBER 16, 2017, TO CONDUCT BUSINESS AS FOLLOWS:

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

Tyra Duncan-Hall, Chairperson

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Director and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion, or action at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Texas Government Code, Texas Open Meetings Act.

CONSENT AGENDA

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 1: Presentation, Discussion, and Possible Action regarding the Approval of a Board Minutes Summary for the Board Meeting held on September 21, 2017

Michael Gerber
President & CEO.

ACTION ITEMS

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 2: Presentation, Discussion, and Possible Action of Resolution No. 97 by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

Ron Kowal
VP Housing Development/Asst
Mgmt.

- i. Facilitate the development of the Bridges at Cameron Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin ("HACA");
- ii. Cause AAHC's wholly owned, subsidiary limited liability company, LDG Bridges at Cameron GP, LLC (the "General Partner") to execute an amended and restated agreement of limited partnership of LDG Bridges at Cameron, LP (the "Partnership") and other related documents;
- iii. Cause the Partnership to enter into development financing for the Project; and
- iv. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein

ITEM 3: Presentation, Discussion, and Possible Action of Resolution No. 98 by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

Ron Kowal
VP Housing Development/Asst
Mgmt.

- i. Facilitate the development of the Commons at Goodnight Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin ("HACA");
- ii. Cause AAHC's wholly owned, subsidiary limited liability company, Commons at

*The Austin Affordable Housing Corporation (AAHC) Board of Commissioners reserves the right to discuss and consider items out of order on the agenda on an as needed basis.

The Austin Affordable Housing Corporation is committed to compliance with the Americans with Disability Act. Reasonable modifications and equal access to the communications will be provided upon request. Meeting locations are planned with wheelchair access. If requiring Sign Language Interpreters or alternative formats, please give notice at least 2 days (48 hours) before the meeting date. Please call Judy Paciocco or Nidia Hiroms at HACA at 512.477.4488, for additional information; TTY users route through Relay Texas at 711. For more information on AAHC, please contact Nidia Hiroms at 512.477.4488 x 2104.

Goodnight GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of Commons at Goodnight, LP (the “Partnership”) and other related documents;

- iii. Cause the Partnership to enter into development financing for the Project; and
- iv. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.

ITEM 4: Presentation, Discussion, and Possible Action regarding Resolution No. 99 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding between AAHC, LDG Multifamily, LLC and Sagebrook (the “Developer”) for the development of the Elysium Grand development

Ron Kowal
VP Housing Development/Asst
Mgmt.

ITEM 5: Presentation, Discussion, and Possible Action regarding Resolution No. 100 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding between AAHC, LDG Multifamily, LLC and Lonestar Development Partners (the “Developer”) for the development of the Rail development

Ron Kowal
VP Housing Development/Asst
Mgmt.

REPORTS

Update on AAHC Activities

Ron Kowal
VP Housing Development/Asst
Mgmt.

EXECUTIVE SESSION

The Board may go into Executive Session (close its meeting to the public) Pursuant to:

- a. § 551.071, Texas Gov’t Code, consultations with Attorney regarding legal advice, pending or contemplated litigation; or a settlement offer;
- b. § 551.072, Texas Gov’t Code, discussion about the purchase, exchange, lease or value of real property;
- c. § 551.074, Texas Gov’t Code, discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.
- d. § 551.077, Texas Gov’t Code, discuss certain economic development negotiations.

OPEN SESSION

If there is an Executive Session, the Board will return to Open Session for discussion, consideration and possible action of matters discussed in Executive Session.

ADJOURNMENT

“Pursuant to § 30.06, Penal Code, (trespass by holder of license with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun.”

“Pursuant to § 30.07, Penal Code (trespass by holder of license with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly.”

“En virtud del § 30.06, Código Penal, (traspaso titular de licencia con una pistola), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en este reunión con una arma o pistola.

“En virtud del § 30.07, Código Penal (prevaricación por titular de la licencia con un arma o pistola abiertamente llevado), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en esta reunión con un arma o pistola que lleva abiertamente.

**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

CONSENT AGENDA

AGENDA ITEM NO. 1

**Presentation, Discussion, and Possible Action regarding
the Approval of Board Minutes Summary for Board
Meeting held on September 21, 2017**

November 16, 2017

**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

SEPTEMBER 21, 2017

SUMMARY OF MINUTES

THE AUSTIN AFFORDABLE HOUSING CORPORATION (AAHC) BOARD OF DIRECTORS PUBLIC MEETING NOTICE WAS POSTED FOR 12:00 NOON ON THURSDAY, SEPTEMBER 21, 2017 AND WAS HELD AT HACA'S CENTRAL OFFICE, 1124 S. IH 35, AUSTIN, TEXAS

CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

The Board of Directors Regular Board Meeting of the Austin Affordable Housing Corporation (AAHC), of September 21, 2017, was called to order by Carl Richie, Jr., Chairperson, at 12:20 p.m. The meeting was held at HACA's Central Office, 1124 S. IH 35, Austin, Texas

Roll call certified a quorum was present.

MEMBERS PRESENT:

Isaac Robinson, Vice-Chairperson
Edwina Carrington, 2nd Vice-Chairperson
Carl S. Richie, Jr., Director

MEMBER(S) ABSENT:

Charles Bailey, Director
Dr. Tyra Duncan-Hall, Chairperson

STAFF PRESENT:

Ann Gass, Andrea Galloway, Barbara Jackson, Catherine Crago, Gloria Morgan, Kelly Crawford, Martha Ross, Michael Cummings, Michael Gerber, Michael Roth, Ron Kowal and Sylvia Blanco.

ALSO IN ATTENDANCE:

Jim Ewbank, Cokinos, Bosien & Young
Jim Walter, Coats Rose
Arthur Troillo, Troillo Law Firm

CONSENT AGENDA

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 1: Presentation, Discussion, and Possible Action regarding the Approval of a Board Minutes Summary for the Board Meeting held on August 17, 2017

Director Carrington moved to approve the Board Minutes Summary for the Board Meeting held on August 17, 2017 as presented. **Director Robinson** seconded the motion. The motion passed. (3-Ayes and 0-Nays).

ACTION ITEMS

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 2: Presentation, Discussion, and Possible Action regarding Resolution No. 96 by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

- 1. Facilitate the development of the Harris Ridge Apartments, which will consist of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin ("HACA");**
- 2. Cause AAHC's wholly owned, subsidiary limited liability company, Harris Ridge Apartments GP, LLC (the "General Partner") to execute an amended and restated agreement of limited partnership of Harris Ridge Apartments, Ltd. (the "Partnership") and other related documents;**
- 3. Cause the Partnership to enter into development financing for the Project; and**
- 4. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.**

Director Carrington moved to approve Resolution No. 96 by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to Facilitate the development of the Harris Ridge Apartments, which will consist of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin. **Director Robinson** seconded the motion. The motion passed. (3-Ayes and 0-Nays).

ADJOURNMENT

Director Robinson moved to adjourn the meeting. **Director Carrington** seconded the motion. The Motion passed unanimously. The meeting adjourned at 2:07 p.m.

Isaac Robinson, Vice-Chairperson

Michael G. Gerber, Secretary

**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AGENDA ITEM NO. 2

Presentation, Discussion, and Possible Action of Resolution No. 97 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

- i. Facilitate the development of the Bridges at Cameron Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin (“HACA”);**
- ii. Cause AAHC’s wholly owned, subsidiary limited liability company, LDG Bridges at Cameron GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of LDG Bridges at Cameron, LP (the “Partnership”) and other related documents;**
- iii. Cause the Partnership to enter into development financing for the Project; and**
- iv. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein**

AUSTIN AFFORDABLE HOUSING CORPORATION

BOARD ACTION REQUEST

RESOLUTION NO. 97

MEETING DATE: November 16, 2017

STAFF CONTACT: Ron Kowal, Vice President of Housing Development/Asset Management

ITEM TITLE: Presentation, Discussion, and Possible Action of Resolution No. 97 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

- i. Facilitate the development of the Bridges at Cameron Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin (“HACA”);
- ii. Cause AAHC’s wholly owned, subsidiary limited liability company, LDG Bridges at Cameron GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of LDG Bridges at Cameron, LP (the “Partnership”) and other related documents;
- iii. Cause the Partnership to enter into development financing for the Project; and
- iv. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein

BUDGETED ITEM: N/A

TOTAL COST: No AAHC reserves required

ACTION

Motion to Approve Resolution No. 97 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate Items 1-4 above.

SUMMARY

Background:

The Austin Affordable Housing Corporation (AAHC) a nonprofit subsidiary of the Housing Authority of the City of Austin (HACA), was created to own, engage in or assist in the development or operation of affordable housing, including but not limited to income producing projects whose proceeds are used to further HACA’s mission of moving its stakeholders from poverty to self-sufficiency. AAHC, as one of its goals has committed through acquisition and or development a portfolio of 4040 units by the year 2020. Another goal of AAHC is to acquire and or develop affordable housing in high opportunity areas where

housing choice for section 8 does not exist and to give low and moderate families housing in areas of better performing schools and services in locations outside the City of Austin's crescent of poverty.

Austin Affordable Housing Corporation has been presented an opportunity to partner with LDG Multifamily, LLC, to develop a certain tract of land located at 9201 Cameron Road. This 263 unit family project will consist of 20 one bedroom and one bath units and 159 two bedroom and two bath units and 84 three bedroom 2 bath units serving tenants at or below 60% of median family income. All units will be marketed to HACA's Housing Choice Voucher residents.

Staff Recommendation:

Resolution 97 asks the Board of Commissioners to allow AAHC to execute any and all documents and take any other action necessary to facilitate the closing outlined in items 1-4 above.

RESOLUTION NO. 97

A Resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

1. Facilitate the development of the Bridge at Cameron Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin;
2. Cause AAHC’s wholly owned, subsidiary limited liability company, LDG Bridges at Cameron GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of LDG Bridges at Cameron, LP (the “Partnership”) and other related documents;
3. Cause the Partnership to enter into development financing for the Project; and
4. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.

WHEREAS, AAHC is the sole member of the General Partner;

WHEREAS, the General Partner is the sole general partner of the Partnership;

WHEREAS, the Partnership was formed for the purpose of owning, developing, managing, and otherwise dealing with Bridge at Cameron Apartments, a 263-unit apartment complex (the “**Project**”) under development on a parcel of land located in Austin, Travis County, Texas (the “**Land**”), and intended for rental to persons of low and moderate income;

WHEREAS, in connection with the development of the Project, the Partnership desires to obtain site control of the Land from the Housing Authority of the City of Austin (“**HACA**”), by entering into a ground lease (“**Ground Lease**”) with HACA for the Project;

WHEREAS, AAHC, the General Partner and Partnership desire to enter into certain equity documents for the purpose of admitting R4 BC Acquisition LLC, a Delaware limited liability company as an investor limited partner to the Partnership, including an Amended and Restated Agreement of Limited Partnership for the Partnership (the “**Partnership Agreement**”);

WHEREAS, in connection with the proceedings relating to the issuance and delivery by the Austin Affordable PFC, Inc. (the “**Issuer**”) of its Multifamily Housing Revenue Bonds (Bridge at Cameron Apartments) Series 2017 (the “**Bonds**”), pursuant to and in accordance with the terms of a Trust Indenture (the “**Indenture**”) by and between the Issuer and the trustee named therein;

WHEREAS, in connection with the Bonds and the Indenture, the Partnership desires to enter into a Land Use Restriction Agreement and other related certifications and documents, all upon such terms and conditions as the Partnership deems reasonable (the “**Bond Documents**”);

WHEREAS, the Partnership desires to enter into a HUD-insured loan with Red Mortgage Capital, LLC, whereby the Partnership will borrow a sum not to exceed \$35,000,000 (“**HUD Loan**”), in order to finance construction of the Project;

WHEREAS, the HUD Loan will be made pursuant to a promissory note to be secured, *inter alia*, by a leasehold deed of trust, HUD regulatory agreement, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands, waivers, and any other assurances, instruments, or other communications executed in the name of and on behalf of the Partnership as may be deemed to be necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the HUD Loan (collectively, the “**HUD Loan Documents**”);

WHEREAS, the Partnership desires to enter into a Tax Credit Assistance Program loan with the Texas Department of Housing and Community Affairs, whereby the Partnership will borrow a sum in the approximate principal amount of \$2,590,000 (the “**TCAP Loan**”), in order to finance the development and operation of the Project;

WHEREAS, the TCAP Loan will be made pursuant to a promissory note to be secured, *inter alia*, by a leasehold deed of trust, land use restriction agreement, UCC financing statements, certificates, affidavits, directions, amendments, assignments, indemnifications, notices, requests, demands, waivers, and any other communications executed in the name of and on behalf of the Partnership as may be deemed to be necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the TCAP Loan (collectively, the “**TCAP Loan Documents**”);

WHEREAS, in connection with the transactions contemplated herein, the Partnership, General Partner and AAHC are required to enter into various documents which will evidence the same, including, but not limited to the Ground Lease, HUD Loan Documents, TCAP Loan Documents, Bond Documents and other security agreements, fixture filing statements, indemnity agreements, guaranties, development agreements, certificates, directions, approvals, waivers, notices, instruments and other communications as may be required by the parties (all of such documents collectively, the “**Financing Documents**”);

NOW, BE IT RESOLVED, that all of the documents, instruments, or other writing executed by AAHC (both individually and in a representative capacity as identified in these resolutions), in consummation of the transactions herein described (both individually and in a representative capacity as identified in these resolutions), including, but not limited to, (i) the Financing Documents and (ii) any and all such additional documents executed to consummate the transactions contemplated herein (collectively, the “**Transaction Documents**”) shall be in form and substance approved by the Executing Officer (as such term is hereinafter defined), both

individually and in a representative capacity as identified in these resolutions, his/her approval of each such instrument to be conclusively evidenced by his execution thereof; and it is further,

RESOLVED, that AAHC (both individually and in a representative capacity as identified in these resolutions), review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the Executing Officer shall deem appropriate, and the approval of the terms of each such instrument herein described by the Executing Officer shall be conclusively evidenced by his/her execution and delivery thereof; and it is further

RESOLVED that the authorization of AAHC, Partnership and/or General Partner to enter into the Transaction Documents and that execution and delivery in the name and on behalf of AAHC and/or General Partner and/or the Partnership, by any of the officers of AAHC of the Transaction Documents, in the form as so executed and delivered is hereby approved, ratified and confirmed; and it is further

RESOLVED, that any officer of AAHC (each an "**Executing Officer**"), acting alone without the joinder of any other officer, is hereby authorized and directed for and on behalf, and as the act and deed of AAHC and/or General Partner and/or the Partnership, to execute and deliver all other documents and other writings of every nature whatsoever in connection with the development of the Project, including but not limited to, the Transaction Documents, as the Executing Officer deems necessary in order to carry into effect the intent and purposes of these resolutions, and any other instruments approved by the Executing Officer (acting in a representative capacity as identified in these resolutions, acting individually and on behalf of the General Partner), executing same, his/her approval of each such instrument to be conclusively evidenced by his/her execution thereof, and to take such other action in the consummation of the transactions herein contemplated as the Executing Officer acting shall deem to be necessary or advisable, without the necessity of attestation by the secretary or other officer or director, and any and all acts heretofore taken by the Executing Officer to such end are hereby expressly ratified and confirmed as the acts and deeds of AAHC and/or General Partner and/or Partnership, effective as of the date such action was taken; and it is further

RESOLVED, that action by any of the officers of AAHC, and any person or persons designated and authorized so to act by any such officer, to do and perform, or cause to be done and performed, in the name and on behalf of AAHC and/or General Partner and/or the Partnership, or the execution and delivery, or causing to be executed and delivered, such other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications, in the name and on behalf of AAHC or otherwise, as they, or any of them, may deem to be necessary or advisable in order to carry into effect the intent of the foregoing resolutions or to comply with the requirements of the instruments approved or authorized by the foregoing resolutions is hereby approved, ratified and confirmed; and it is further

RESOLVED, that the Board of Directors finds the actions authorized by these resolutions may reasonably be expected to directly or indirectly benefit AAHC; and it is further

RESOLVED, that the Partnership be promptly notified in writing by the Secretary or any other officer of AAHC or any change in these resolutions, and until it has actually received such notice in writing, the Partnership is authorized to act in pursuance of these resolutions.

[Remainder of page intentionally left blank for signature]

PASSED this 16th day of November, 2017.

Chairman

ATTEST:

Secretary

**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AGENDA ITEM NO. 3

Presentation, Discussion, and Possible Action of Resolution No. 98 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

- i. Facilitate the development of the Commons at Goodnight Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin (“HACA”);**
- ii. Cause AAHC’s wholly owned, subsidiary limited liability company, Commons at Goodnight GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of Commons at Goodnight, LP (the “Partnership”) and other related documents;**
- iii. Cause the Partnership to enter into development financing for the Project; and**
- iv. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.**

AUSTIN AFFORDABLE HOUSING CORPORATION

BOARD ACTION REQUEST

RESOLUTION NO. 98

MEETING DATE: November 16, 2017

STAFF CONTACT: Ron Kowal, Vice President of Housing Development/Asset Management

ITEM TITLE: Presentation, Discussion, and Possible Action of Resolution No. 98 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

- i. Facilitate the development of the Commons at Goodnight Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin (“HACA”);
- ii. Cause AAHC’s wholly owned, subsidiary limited liability company, Commons at Goodnight GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of Commons at Goodnight, LP (the “Partnership”) and other related documents;
- iii. Cause the Partnership to enter into development financing for the Project; and
- iv. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.

BUDGETED ITEM: N/A

TOTAL COST: No AAHC reserves required

ACTION

Motion to Approve Resolution No. 98 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate Items 1-4 above.

SUMMARY

Background:

The Austin Affordable Housing Corporation (AAHC) a nonprofit subsidiary of the Housing Authority of the City of Austin (HACA), was created to own, engage in or assist in the development or operation of affordable housing, including but not limited to income producing projects whose proceeds are used to further HACA’s mission of moving its stakeholders from poverty to self-sufficiency. AAHC, as one of its goals has committed through acquisition and or development a portfolio of 4040 units by the year 2020. Another goal of AAHC is to acquire and or develop affordable housing in high opportunity areas where housing choice for section 8 does not exist and to give low and moderate families housing in areas of better performing schools and services in locations outside the City of Austin’s crescent of poverty.

Austin Affordable Housing Corporation has been presented an opportunity to partner with LDG Multifamily, LLC, to develop a certain tract of land located at 2022 Slaughter Lane in Austin, Texas. The project (Commons at Goodnight Apartments) will consist of 304 family units serving tenants at or below 60% of median family income. The development will use a mixture of 4% tax credits and bonds to finance the development with a total project cost of approximately \$51,000,000. The planned development will consist of 24 one bedroom and one bath units, 153 two bedroom and two bath units, 123 three bedroom and two bath units and 4 four bedroom and two bath units. Amenities associated with this Planned Unit Development will provide residents with a pool, clubhouse, gazebo, computer lab and a playground. The master plan for this development will include two schools, (elementary and middle) commercial office space, major grocery and retail providers, dedicated parks and walking trails, single family homes with a community center and community pool and day care center. All units will be marketed to HACA's Housing Choice Voucher residents.

Staff Recommendation:

Resolution 98 asks the Board of Commissioners to allow AAHC to execute any and all documents and take any other action necessary to facilitate the closing outlined in items 1-4 above.

RESOLUTION NO. 98

A Resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

1. Facilitate the development of the Commons at Goodnight Apartments, which consists of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin;
2. Cause AAHC’s wholly owned, subsidiary limited liability company, Commons at Goodnight GP, LLC (the “General Partner”) to execute an amended and restated agreement of limited partnership of Commons at Goodnight, LP (the “Partnership”) and other related documents;
3. Cause the Partnership to enter into development financing for the Project; and
4. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.

WHEREAS, AAHC is the sole member of the General Partner;

WHEREAS, the General Partner is the sole general partner of the Partnership;

WHEREAS, the Partnership was formed for the purpose of owning, developing, managing, and otherwise dealing with Commons at Goodnight Apartments, a 304-unit apartment complex (the “**Project**”) under development on a parcel of land located in Austin, Travis County, Texas (the “**Land**”), and intended for rental to persons of low and moderate income;

WHEREAS, in connection with the development of the Project, the Partnership desires to obtain site control of the Land from the Housing Authority of the City of Austin (“**HACA**”), by entering into a ground lease (“**Ground Lease**”) with HACA for the Project;

WHEREAS, AAHC, the General Partner and Partnership desire to enter into certain equity documents for the purpose of admitting an affiliate of Boston Financial as an investor limited partner to the Partnership, including an Amended and Restated Agreement of Limited Partnership for the Partnership (the “**Partnership Agreement**”);

WHEREAS, in connection with the proceedings relating to the issuance and delivery by the Austin Affordable PFC, Inc. (the “**Issuer**”) of its Multifamily Housing Revenue Bonds (Commons at Goodnight Apartments) Series 2017 (the “**Bonds**”), pursuant to and in accordance with the terms of a Trust Indenture (the “**Indenture**”) by and between the Issuer and the trustee named therein;

WHEREAS, in connection with the Bonds and the Indenture, the Partnership desires to enter into a Land Use Restriction Agreement and other related certifications and documents, all upon such terms and conditions as the Partnership deems reasonable (the “**Bond Documents**”);

WHEREAS, the Partnership desires to enter into a HUD-insured loan with Red Mortgage Capital, LLC, whereby the Partnership will borrow a sum not to exceed \$40,000,000 (“**HUD Loan**”), in order to finance construction of the Project;

WHEREAS, the HUD Loan will be made pursuant to a promissory note to be secured, *inter alia*, by a leasehold deed of trust, HUD regulatory agreement, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands, waivers, and any other assurances, instruments, or other communications executed in the name of and on behalf of the Partnership as may be deemed to be necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the HUD Loan (collectively, the “**HUD Loan Documents**”);

WHEREAS, the Partnership desires to enter into a loan with the Texas Department of Housing and Community Affairs (“**TDHCA**”), whereby the Partnership will borrow a sum not to exceed \$3,000,000 (the “**TDHCA Loan**”), in order to finance the development and operation of the Project;

WHEREAS, the TDHCA Loan will be made pursuant to a promissory note to be secured, *inter alia*, by a leasehold deed of trust, land use restriction agreement, UCC financing statements, certificates, affidavits, directions, amendments, assignments, indemnifications, notices, requests, demands, waivers, and any other communications executed in the name of and on behalf of the Partnership as may be deemed to be necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the TDHCA Loan (collectively, the “**TDHCA Loan Documents**”);

WHEREAS, in connection with the transactions contemplated herein, the Partnership, General Partner and AAHC are required to enter into various documents which will evidence the same, including, but not limited to the Ground Lease, HUD Loan Documents, TDHCA Loan Documents, Bond Documents and other security agreements, fixture filing statements, indemnity agreements, guaranties, development agreements, certificates, directions, approvals, waivers, notices, instruments and other communications as may be required by the parties (all of such documents collectively, the “**Financing Documents**”);

NOW, BE IT RESOLVED, that all of the documents, instruments, or other writing executed by AAHC (both individually and in a representative capacity as identified in these resolutions), in consummation of the transactions herein described (both individually and in a representative capacity as identified in these resolutions), including, but not limited to, (i) the Financing Documents and (ii) any and all such additional documents executed to consummate the transactions contemplated herein (collectively, the “**Transaction Documents**”) shall be in form and substance approved by the Executing Officer (as such term is hereinafter defined), both

individually and in a representative capacity as identified in these resolutions, his/her approval of each such instrument to be conclusively evidenced by his execution thereof; and it is further,

RESOLVED, that AAHC (both individually and in a representative capacity as identified in these resolutions), review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the Executing Officer shall deem appropriate, and the approval of the terms of each such instrument herein described by the Executing Officer shall be conclusively evidenced by his/her execution and delivery thereof; and it is further

RESOLVED that the authorization of AAHC, Partnership and/or General Partner to enter into the Transaction Documents and that execution and delivery in the name and on behalf of AAHC and/or General Partner and/or the Partnership, by any of the officers of AAHC of the Transaction Documents, in the form as so executed and delivered is hereby approved, ratified and confirmed; and it is further

RESOLVED, that any officer of AAHC (each an "**Executing Officer**"), acting alone without the joinder of any other officer, is hereby authorized and directed for and on behalf, and as the act and deed of AAHC and/or General Partner and/or the Partnership, to execute and deliver all other documents and other writings of every nature whatsoever in connection with the development of the Project, including but not limited to, the Transaction Documents, as the Executing Officer deems necessary in order to carry into effect the intent and purposes of these resolutions, and any other instruments approved by the Executing Officer (acting in a representative capacity as identified in these resolutions, acting individually and on behalf of the General Partner), executing same, his/her approval of each such instrument to be conclusively evidenced by his/her execution thereof, and to take such other action in the consummation of the transactions herein contemplated as the Executing Officer acting shall deem to be necessary or advisable, without the necessity of attestation by the secretary or other officer or director, and any and all acts heretofore taken by the Executing Officer to such end are hereby expressly ratified and confirmed as the acts and deeds of AAHC and/or General Partner and/or Partnership, effective as of the date such action was taken; and it is further

RESOLVED, that action by any of the officers of AAHC, and any person or persons designated and authorized so to act by any such officer, to do and perform, or cause to be done and performed, in the name and on behalf of AAHC and/or General Partner and/or the Partnership, or the execution and delivery, or causing to be executed and delivered, such other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications, in the name and on behalf of AAHC or otherwise, as they, or any of them, may deem to be necessary or advisable in order to carry into effect the intent of the foregoing resolutions or to comply with the requirements of the instruments approved or authorized by the foregoing resolutions is hereby approved, ratified and confirmed; and it is further

RESOLVED, that the Board of Directors finds the actions authorized by these resolutions may reasonably be expected to directly or indirectly benefit AAHC; and it is further

RESOLVED, that the Partnership be promptly notified in writing by the Secretary or any other officer of AAHC or any change in these resolutions, and until it has actually received such notice in writing, the Partnership is authorized to act in pursuance of these resolutions.

[Remainder of page intentionally left blank for signature]

PASSED this 16th day of November, 2017.

Chairman

ATTEST:

Secretary

**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AGENDA ITEM NO. 4

Presentation, Discussion, and Possible Action regarding Resolution No. 99 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding between AAHC, LDG Multifamily, LLC and Sagebrook (the “Developer”) for the development of the Elysium Grand development

AUSTIN AFFORDABLE HOUSING CORPORATION

BOARD ACTION REQUEST

RESOLUTION NO. 99

MEETING DATE: November 16, 2017

STAFF CONTACT: Ron Kowal, Vice President of Housing Development/Asset Management

ITEM TITLE: Presentation, Discussion, and Possible Action regarding Resolution No. 99 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding between AAHC, LDG Multifamily, LLC and Sagebrook (the “Developer”) for the development of the Elysium Grand development

BUDGETED ITEM: N/A

TOTAL COST: No AAHC reserves required

ACTION

Motion to Approve Resolution No. 99 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding between AAHC, LDG Multifamily, LLC and Sagebrook (the “Developer”) for the development of the Elysium Grand development.

SUMMARY

Background:

The Austin Affordable Housing Corporation (AAHC) a nonprofit subsidiary of the Housing Authority of the City of Austin (HACA), was created to own, engage in or assist in the development or operation of affordable housing, including but not limited to income producing projects whose proceeds are used to further HACA’s mission of moving its stakeholders from poverty to self-sufficiency. AAHC, as one of its goals has committed through acquisition and or development a portfolio of 4040 units by the year 2020. Another goal of AAHC is to acquire and or develop affordable housing in high opportunity areas where housing choice for section 8 does not exist and to give low and moderate families housing in areas of better performing schools and services in locations outside the City of Austin’s crescent of poverty.

Austin Affordable Housing Corporation has been presented an opportunity to partner with LDG Multifamily, LLC, and Saigebrook Development, LLC, to develop a 7.1 acre tract of land located at 3300 Oak Creek Drive and Mopac Expressway in Austin. The development will be in an extremely high opportunity area where the average median income is \$85,417. This 85 unit family project will consist of 72 units targeting 30%-60% of median family income and 13 for market rate housing. The development will be home to 25 project based HUD-VASH Vouchers from HACA. The VASH vouchers will include a 15 year HAP contract from the Department of Housing and Urban Development (HUD) with a 15 year option to extend. An onsite case manager will be provided by the Veteran’s Administration and will be available to these residents.

Further reviews and approvals on this Development will be brought to the Board prior to moving forward.

RESOLUTION NO. 99

RESOLUTION NO. 99 BY THE BOARD OF DIRECTORS OF AUSTIN AFFORDABLE HOUSING CORPORATION ("AAHC") AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO NEGOTIATIONS, DEVELOP AND ENTER INTO A MEMORANDUM OF UNDERSTANDING BETWEEN AAHC, LDG MULTIFAMILY, LLC AND SAIGEBROOK DEVELOPMENT, LLC (THE "DEVELOPER") FOR THE DEVELOPMENT OF THE ELYSIUM GRAND DEVELOPMENT.

WHEREAS, AAHC has as part of its mission to provide quality affordable housing; and

WHEREAS, AAHC desires to negotiate and enter into a Memorandum of Understanding to set forth the terms of the agreement with LDG Multifamily, LLC and Developer (or their affiliates) for the development of a multi-family apartment complex to be located in Austin, Texas to be known as the Elysium Grand (the "Project");

Now, therefore, in connection with the development of the Project, the Board of Directors authorizes its President/CEO and/or his designee to do the following:

1. Negotiate, approve and execute a Memorandum of Understanding between AAHC, LDG Multifamily, LLC and Developer, memorializing the understanding of the parties to the matters described therein, including the development fee, responsibilities and any other matters that should be set forth regarding the development and construction of the Project.
2. Review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the President/CEO shall deem appropriate, and the approval of the terms of each such instrument herein described by the President/CEO shall be conclusively evidenced by his execution and delivery thereof.

This resolution shall be in full force and effect from and upon its adoption.

PASSED this ____ day of _____, 2017.

Chairman

ATTEST:

Secretary

ELYSIUM GRAND



*Saigebrook
Development*

Elysium Grand – Project Description

Elysium Grand is a proposed new construction, mixed income community to be located at 3300 Oak Creek Drive in Austin. This 7.1 acre multi-family development will consist of 85 units of which, 72 are targeted as affordable housing at 30-60% AMI and 13 for market rate housing. The proposed development is comprised of four and five-story elevator served residential buildings with surface parking as well as a separate clubhouse and amenity center building. A mix of one, two and three bedroom units will comprise the community.

1Br/1Ba	2Br/2Ba	3Br/2Ba
22 units – 700 SF	45 units – 855 SF	18 units – 1140 SF

30% AMI	50% AMI	60% AMI	Market Rate
12 units	40 units	20 units	13 units

The amenity center will include a business center, fitness center, indoor/outdoor flex space, management/ service provider offices and a fully furnished community room. On-site exterior amenities include a pool or splash park, barbeque grills, a children’s playground, bike parking and covered picnic pavilion. Unit amenities will include high efficiency appliances and lighting, washer and dryer hook-ups, solid surface countertops, hard surface flooring, walk-in closets and tile tub surrounds. The development will comply with both Austin Energy Green Building and Austin Smart Housing programs.

The 7.1 acre site proposed for Elysium Grand is located at the intersection of Oak Creek Drive and MoPac Expressway in Austin, Travis County, Texas. The Average Household Income for this census tract is \$85,417 with a poverty rate of 12.2%, according to the 2010-2014 5-year American Community Survey (ACS).

The development recently received an allocation of 25 Project Based HUD-VASH Vouchers from the Housing Authority of the City of Austin. The VASH Vouchers will include a 15 year HAP contract from HUD with a 15 year option to extend. An onsite case manager provided by the Veteran’s Administration will be available to these residents.

Financing and Timeline

It is anticipated that Elysium Grand will be financed via 4% Housing Tax Credits, Tax Exempt Bonds, City of Austin General Obligation Bonds (GOB) and a conventional first mortgage. The City of Austin

approved a preliminary recommendation of GOB funds in February 2017 in the amount of \$2,120,000. These GOB funds would be provided as subordinate financing, subject to cash flow with a 40 year term. It is anticipated that the interest rate will be 0-1%. An additional \$1,600,000 of GOB has been applied for and will be heard by the city in September 2017.

The site and building for Elysium Grand are currently under contract with site control extensions available through Dec. 2017. The design and building permit process is expected to take approximately 10 to 13 months. Closing on the financing is projected for 4th quarter 2018. The site for Elysium Grand does not require any re-zonings, amendments or other modifications to the land use.

Pre-development funding needs for Elysium Grand will consist primarily of \$2,120,000 for site acquisition and \$750,000 for architectural, engineering, and permitting incurred from September 2017 through September 2018. The GOB funding may be used for site acquisition upon approval from the City.

It is anticipated that Elysium Grand may partner with the Housing Authority of the City of Austin to secure an ad valorem tax exemption and sales tax exemption. Discussions with the Housing Authority staff are ongoing at this time.

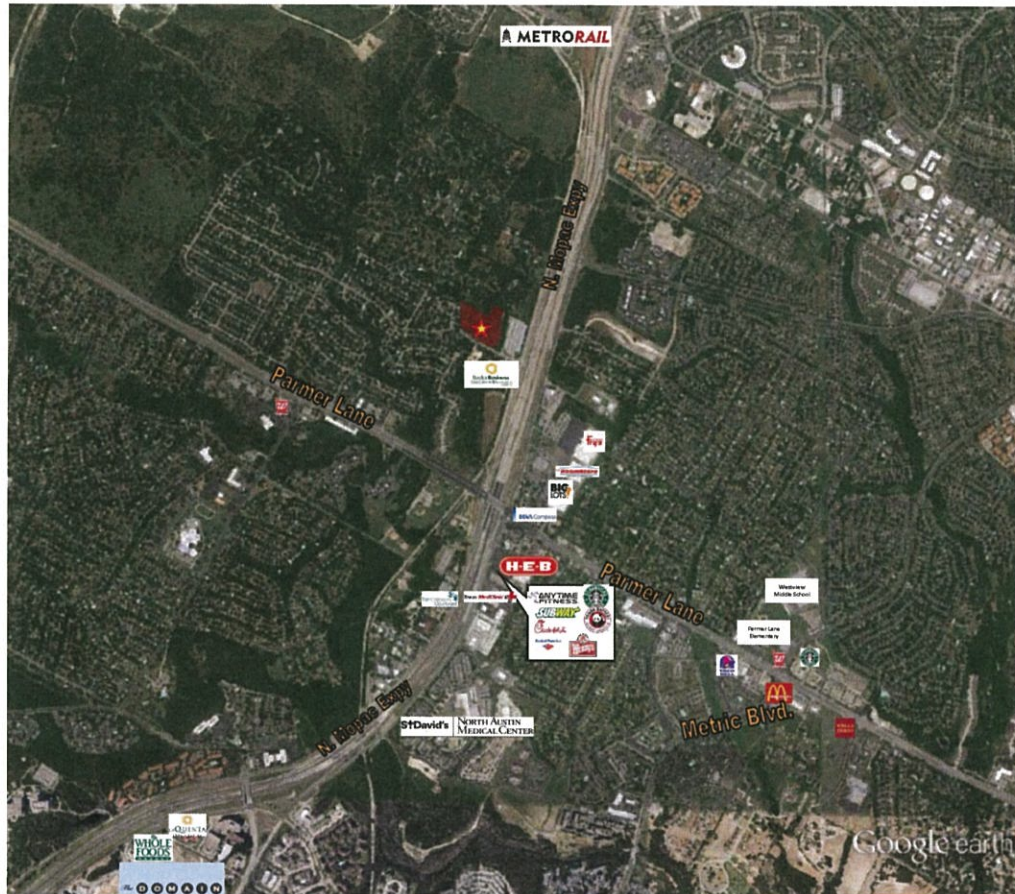


Environmental Concerns

The Phase I environmental report conducted for the site recommended a Noise Study be conducted due to the location of the highway and the railroad. All recommendations within the Phase I report will be followed. Additional testing reports will be made available as they are conducted. A Critical Water Quality Zone and Flood Plain area are located on along with eastern property line. This area is being preserved and no buildings or improvements are located with either area. All recommendations within the Phase I report will be followed. The City of Austin has identified a Critical Environmental Feature on site which is being preserved. The site plan has been designed to provide the appropriate buffers for this feature.

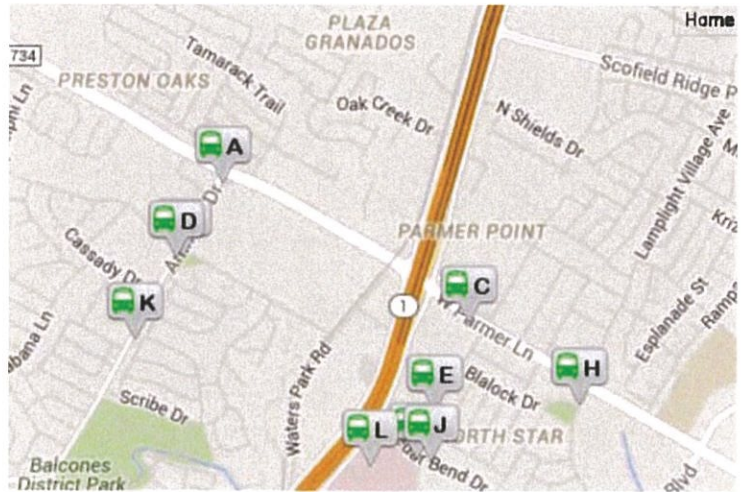
Neighborhood

Elysium Grand is located in close proximity to St. David's North Austin Medical Center which provides a significant employment base as well as health care services. The proposed site is also within 1.6 miles from The Domain and within close proximity to the Howard Station & Parmer Crossing Shopping Center.



The nearest HEB grocery store and pharmacy are less than $\frac{1}{4}$ of a mile from the proposed site. Additionally, there are approximately 450,000 jobs within 10 miles of the Elysium Grand community according to InfoUSA Business Listing database. Some of the major employers in the area include Dell Inc., Clinical Pathology Labs Inc., Texas Commission on Environmental Quality (TCEQ), Air Permits Division, St. David's North Austin Medical Center, Apple Inc. Customer Service Center, Shops at the Domain, 3M Co, and State Farm Insurance. The site is within the Austin ISD, a MET Standard rated district. The residents of Elysium Grand will attend the following MET Standard rated schools: Summit Elementary, Murchison Middle School and Anderson High School.

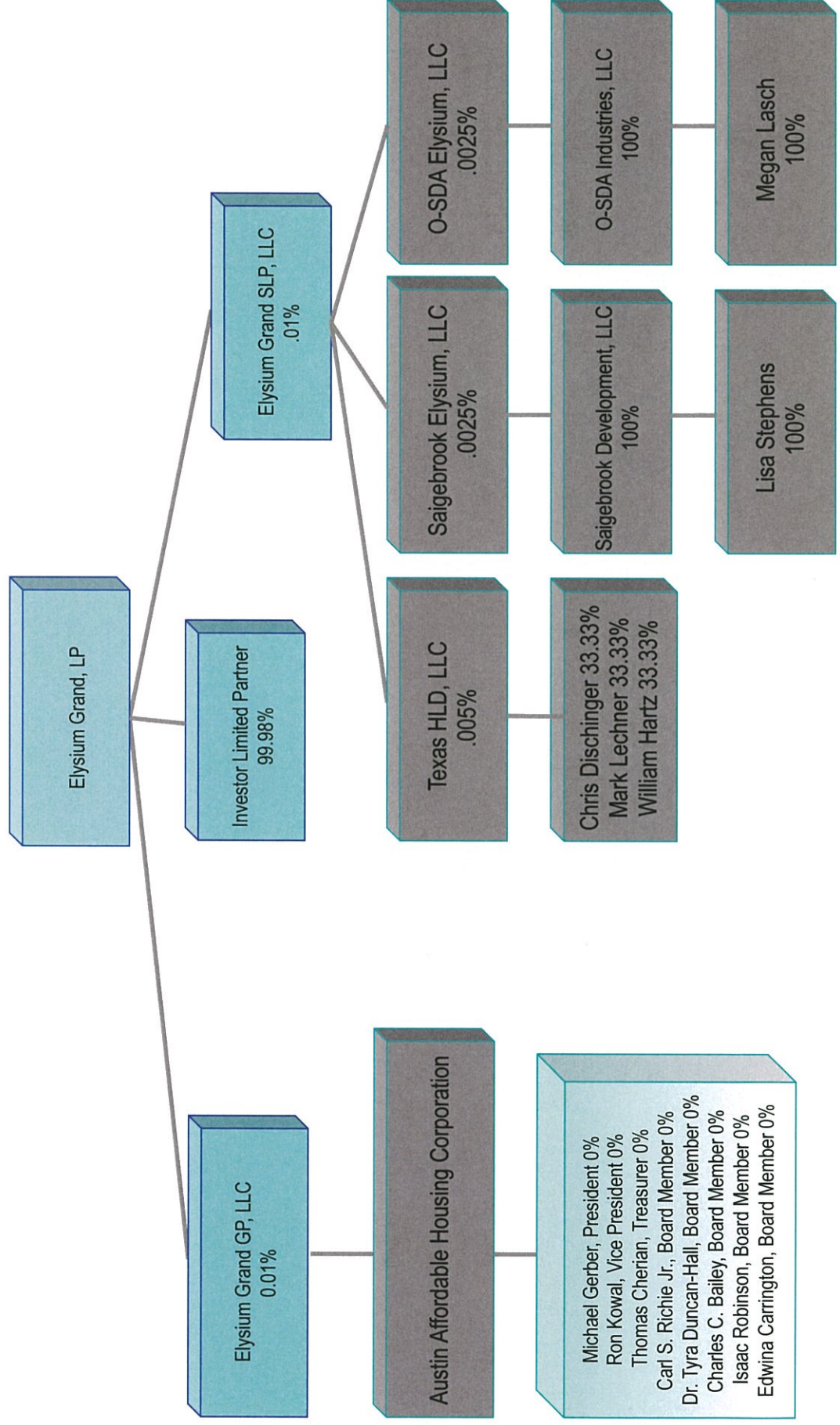
Elysium Grand will be located within close proximity (approximately $\frac{3}{4}$ of a mile on average) to numerous Cap Metro bus stops which are clustered along or adjacent to W. Parmer Lane on either side of its intersection with the North Mopac Expressway. This access to the bus and vehicular transportation network will be a major advantage to residents of Elysium Grand, allowing them a relatively



easy commute to work and for essential services. The transportation advantage for this development is also enhanced by the proximity to the Howard Station Metro Rail service, which lies 0.92 miles to the north of the development. There is a sidewalk that runs adjacent to Mopac and connects to Howard Station.



Elysium Grand Organizational Chart



**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AGENDA ITEM NO. 5

Presentation, Discussion, and Possible Action regarding Resolution No. 100 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding between AAHC, LDG Multifamily, LLC and Lonestar Development Partners (the “Developer”) for the development of the Rail development

November 16, 2017

AUSTIN AFFORDABLE HOUSING CORPORATION

BOARD ACTION REQUEST

RESOLUTION NO. 100

MEETING DATE: November 16, 2017

STAFF CONTACT: Ron Kowal, Vice President of Housing Development/Asset Management

ITEM TITLE: Presentation, Discussion, and Possible Action regarding Resolution No. 100 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding between AAHC, LDG Multifamily, LLC and Lonestar Development Partners (the “Developer”) for the development of the Rail development

BUDGETED ITEM: N/A

TOTAL COST: N/A

ACTION

Motion to Approve Resolution No. 100 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing the President/CEO to enter into negotiations, develop and enter into a Memorandum of Understanding between AAHC, LDG Multifamily, LLC and Lonestar Development Partners (the “Developer”) for the development of the Rail development.

SUMMARY

Background:

The Austin Affordable Housing Corporation (AAHC) a nonprofit subsidiary of the Housing Authority of the City of Austin (HACA), was created to own, engage in or assist in the development or operation of affordable housing, including but not limited to income producing projects whose proceeds are used to further HACA’s mission of moving its stakeholders from poverty to self-sufficiency. AAHC, as one of its goals has committed through acquisition and or development a portfolio of 4040 units by the year 2020. Another goal of AAHC is to acquire and or develop affordable housing in high opportunity areas where housing choice for Section 8 (Housing Choice Vouchers) does not exist and to give low and moderate families housing in areas of better performing schools and services.

Austin Affordable Housing Corporation has been presented an opportunity to partner with LDG Multifamily, LLC, and Lonestar Development, LLC, to develop a 1.2 acre tract of land located at East 17th Street and Alexander Ave., just off of E. MLK in East Austin. This development is a master planned 36.5 acre philanthropic community created by the Meredith Foundation, known as the Chestnut Commons. Other plans for this community include a community center, a stone vault amphitheater and a BMX skate Park. This development is in the transit oriented development (TOD) and is immediately adjacent to the MLK train station.

This 235 unit family project will consist of 120 units targeting 30%-80% of median family income with 60 units serving individuals earning 30%, 40% and 50% of the median family income. 115 units will be for market rate housing.

Further reviews and approvals on this Development will be brought to the Board prior to moving forward.

The financing for this development will be a combination of Preferred Equity Investments, City of Austin General Obligation Bonds (GOB) and a conventional first mortgage. The City of Austin has approved a GOB amount of \$2,500,000.

Resolution 100 asks the Board of Commissioners to allow the President/CEO to enter into negotiations, develop and enter into a memorandum of understanding with LDG Multifamily, LLC and Lonestar Development Partners for the development of the Rail development.

UNIT MIX

Efficiency	1Br/1Ba	2Br/2Ba
164 units – 357 –	48 units – 494-856	23units – 858- 1,082

30% AMI	40% AMI	50% AMI	80% AMI
3units	3 units	52 units	62 units

The remaining 115 units will be market rate.

RESOLUTION NO. 100

RESOLUTION NO. 100 BY THE BOARD OF DIRECTORS OF AUSTIN AFFORDABLE HOUSING CORPORATION (“AAHC”) AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO NEGOTIATIONS, DEVELOP AND ENTER INTO A MEMORANDUM OF UNDERSTANDING BETWEEN AAHC, LDG MULTIFAMILY, LLC AND LONESTAR DEVELOPMENT PARTNERS (THE “DEVELOPER”) FOR THE DEVELOPMENT OF THE RAIL DEVELOPMENT.

WHEREAS, AAHC has as part of its mission to provide quality affordable housing; and

WHEREAS, AAHC desires to negotiate and enter into a Memorandum of Understanding to set forth the terms of the agreement with LDG Multifamily, LLC and Developer (or their affiliates) for the development of a multi-family apartment complex to be located in Austin, Texas to be known as the Rail (the “Project”);

Now, therefore, in connection with the development of the Project, the Board of Directors authorizes its President/CEO and/or his designee to do the following:

1. Negotiate, approve and execute a Memorandum of Understanding between AAHC, LDG Multifamily, LLC and Developer, memorializing the understanding of the parties to the matters described therein, including the development fee, responsibilities and any other matters that should be set forth regarding the development and construction of the Project.
2. Review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the President/CEO shall deem appropriate, and the approval of the terms of each such instrument herein described by the President/CEO shall be conclusively evidenced by his execution and delivery thereof.

This resolution shall be in full force and effect from and upon its adoption.

PASSED this ____ day of _____, 2017.

President

ATTEST:

Secretary

Austin: The Rail at MLK Jr Station

A Multifamily Development Opportunity



August 11, 2017

Project Capitalization:	\$36,655,124
Proposed Investor Ownership:	65%
Total Loan to Cost Ratio:	75.80%
Proposed Debt Financing:	\$29,680,000
AHFC funds:	\$2,500,000
Stabilized Year 1 NOI:	\$2,181,650
Total Equity Investment	\$6,975,124
Remaining Equity Requirement:	\$4,925,124

Confidential & Proprietary ©2016 Lonestar Development Partners. Forward-Looking Statements: This presentation contains forward-looking statements and information. Forward-looking statements include, among others, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us. These statements involve external risks and uncertainties and are based on current expectations and projections about future events. All of these statements are inherently subject to a variety of risks and uncertainties, many of which are beyond the control of our management team. All forward-looking statements in this presentation and in any other written or oral forward-looking statements attributable to us are expressly qualified in their entirety by such risks and uncertainties. Please contact our management team if you would like additional information regarding these risk and uncertainties. Lonestar Development Partners makes no representations or warranties on any and all of the information contained herein.



Development Overview

Project Overview

The Rail at MLK is a 235-unit mid-rise apartment complex off of E. MLK in the TOD within the Chestnut Plaza redevelopment. LDP purchased the site in May 2016 and has partnered with LDG, an experienced and vertically integrated developer and GC with over 5,000 units in their portfolio. The JV has assembled best in class engineers and architects and submitted a fully approved HUD 221d loan package. This includes fully completed architectural construction docs, which have been hard bid by subcontractors, with \$36.6MM of debt and equity committed LDP is seeking the final \$4.9MM preferred equity investment to finalize the capital stack.

The Rail at MLK is a 5-story 118,597 SF mixed-use building on a 1.2 acre site on the last tract in the Chestnut Plaza development at the MLK TOD and is five floor plans are available for prospective residents to choose from: 357 to 451 SF efficiencies, 494 to 856 SF 1 bd, and 878 to 1,082 SF 2 bd. Upper floors on the south and east side of the building will provide stunning views of the downtown skyline, while north and east units will face the Chestnut commons natural stone amphitheater, BMX/skate park, and community garden.

Proposed Product

The Rail at MLK Jr. Station will be Class A apartment complex with an emphasis on low price points and mixed-

income housing, in alignment with the Chestnut Plaza vision. This 5 floor apartment building will have the most competitive rates in the nearby market.

Mixed-income housing is a relatively new approach to solving the affordable housing problem in the City of Austin, allowing individuals from all income brackets to live in the neighborhoods where they work. This project provides 58-units of housing for individuals earning 30%, 40%, and 50% of the median family income in Austin, TX alongside market-rate units.

Mixed-Income Affordability

The City of Austin's Neighborhood Housing and Community Development (NHCD) department states their mission as "to provide housing, community development and small business development services to benefit eligible residents, so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency". As such, one of the programs offered is the Rental Housing Development Assistance (RHDA), which offers 0% interest, fully refundable, forgivable, assumable and assignable loans for the specific purpose of offsetting the cost to develop specific affordability criteria outlined in the program. The Rail at MLK Station received \$2,500,000 to subsidize the construction of 58 units, which will be restricted to residents whose income is less than or equal to specific guidelines of median family income (in the form

Development Overview

Timeline



of a restrictive covenant). The RHDA funds awarded have been used to purchase the land without any other form of debt. Due to the entitlements of the TOD zoning where the Rail is located, there were already rent restrictions imposed on the development, which made the incremental decrease from the RHDA restrictions attractive from a present value perspective for the project.

HUD Release of Working Capital/Escrow

HUD requires a significant amount of contingency, working capital, and operating deficit to be in place, however this capital is available to return to the project after specific milestones are achieved. The Rail is projecting \$1,500,000 of funds to be available at month 39 (year 4) and distributed to the preferred equity partner. Funds available include:

Working Capital Escrow (Construction Contingency) – 2% of Mortgage Amount – Est. \$590,000 – Unused portion released at Final Endorsement (i.e., after completion of construction and cost certification, when FHA loan converts to the permanent/amortizing loan)

Working Capital Escrow (Lease-up Contingency) - 2% of Mortgage Amount – Est. \$590,000 – Unused portion released at later of 12 months after Final Endorsement or 6 months of consecutive breakeven operations.

Initial Operating Deficit – 9 months of Debt Service – Est. \$1,110,000 – Unused portion released at later of 12 months after Final Endorsement or 6 months of consecutive breakeven operations.

Project Timeline

With the purchase of the land in place LDP has been working with HUD to secure a 221d loan¹ and has already received their commitment. Due to the nature of the HUD submission standards, this project already has fully completed architectural plans and is anticipating site plan approval with the City of Austin for the project in Q3 2017. Following this approval, LDP is looking forward to starting construction in Q4 of 2017 with an estimated ground breaking sometime near November of 2017. Construction will last approximately 15 months ending 2019. With some of the units expecting to be pre-leased, first move-ins will begin in 2019 following certificate of occupancy and will continue through to stabilization sometime in Q4 2019.

General Contractor

LDG Development is an award winning multi-family housing developer. They have developed over 5,000 units in Kentucky, Indiana, Virginia, Kansas, Texas and Louisiana. Based in Louisville, Kentucky, LDG provides quality, first-class affordable housing to families and active seniors who have sacrificed income to serve their communities. LDG supports the belief that everyone deserves a better standard of living despite their income.

Property Management

Greystar property Management. is a full-service, third-party property management firm. With offices in more than 30 cities serving over 140 markets globally, and over 400,000 residences under management, Greystar currently ranks first among the Top 50 US Apartment Managers according to the 2016 National Multifamily Housing Council. Their innovative business model combines our international platform with the local market knowledge so important to each community's success. Every community is staffed by the very best real estate professionals; each team member is specially trained to think like an owner and take pride in resident satisfaction.

Market Conditions

Note: this is an excerpt from Capital Market Research.

The market conditions for new construction in the Austin area, for all property types, continues to be very optimistic. Job growth is strong, and because the unemployment rate is currently lower than other cities in Texas and in the nation at 3.3% (November 2015), new employees and their families continue to move into the region to fill the current job vacancies or look for work. While the surge in new construction in 2007 and 2008, combined with the recession in 2009, caused occupancy to fall in all real estate sectors, the past several years have seen strong fundamentals in the Austin market, and an increase in the demand for housing. Capitol Market Research's December 2015 apartment survey revealed 8,669 net units were added to the market, and an all-time high of 9,347 units were absorbed through 2015, resulting in an increase in occupancy to 94.5%. Rental rates continued to rise, and achieved an all-time

Development Overview



- 1 The Rail at MLK
- 2 St. David's HealthCare
- 3 Brackenridge Hospital
- 4 Facebook
- 5 RetailMeNot, Inc.
- 6 7East Apartments
- 7 Corazon Apartments
- 8 Elan East Apartments
- 9 Eleven by Windsor
- 10 Lamar Union Apartments
- 11 Crescent Apartments

high of \$1.35 a square foot at the end of the year.

The subject 1.2 acre tract is located at 2921 E. 17th Street in the MLK TOD in Austin, Texas. Land uses in the area include established single-family residential neighborhoods, neighborhood retail, some recently constructed multi-family residential, educational campuses, and park space. The Mueller redevelopment lies to the northeast of the subject site, while Downtown Austin and the University of Texas lie to the east. The largest employers in the area are government and health care entities, with the City of Austin employing 12,580 people and Travis County with 5,288 employees. The market area's largest health care entities, St. David's Healthcare Partnership and the University Medical Center-Brackenridge collectively employ over 10,000 people. The CBD and Near East Austin market area are currently experiencing tremendous growth as the tech industry continues to expand, with established companies such as Facebook and RetailMeNot as well as smaller "start-up" companies moving into CBD and searching out "creative" office space. The Near East Austin market area

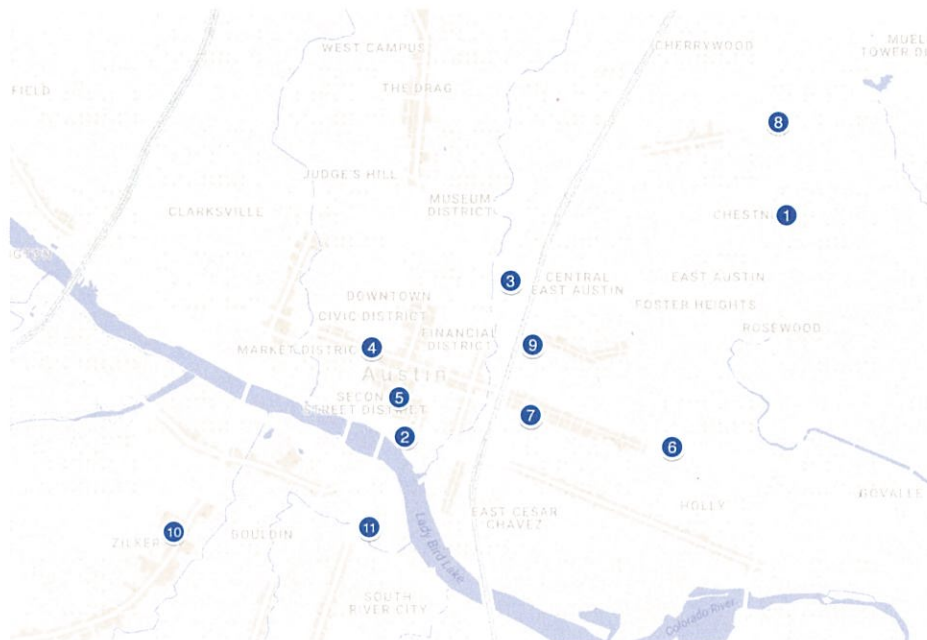
currently contains 4,451 rentable apartment units in 27 complexes. Eleven of the 27 properties are of recent construction, built since the beginning of 2005, two Low Income House Tax Credit (LIHTC) projects, six market rate properties, and three "mixed" income properties that provided both affordable and market rate units. The newer market rate and mixed income properties, built after 2005, tend to be higher density, mid-rise construction, and include intrusion alarm wiring, upgraded communication wiring, 9' ceilings, black on black or stainless steel kitchen appliances, garden tubs, built in shelving and crown molding, granite countertops and vinyl wood or wood plank flooring. In addition to the upgraded interior finishes, these properties are thoughtfully designed with very attractive floor plans, and the properties typically have common areas that feature free WiFi, a state of the art fitness center, business center, and a resort-style pool deck with outdoor grilling and gathering areas.

Occupancy rates in the market area stayed very stable between December 2000 and December 2007, when there were fewer than

20 small properties in the market area and the market was "supply constrained". Never the less, December 2009 saw an all-time low occupancy rate of 86.6%, during the national recession. The following year the market area regained a stabilized occupancy, and continued to climb to reach 97.8% in 2012. An addition of 2,002 units from 2013 through the end of 2015 dropped the occupancy rate slightly, to a current rate of 91.4%. There are currently two projects in the market area that are in lease up (7East and Corazon). Corazon completed construction in March 2015 and is 75.8% occupied, while 7East (20.5% occupied) is in the final stage of construction with 21 units left to deliver, according to the December 2015 survey. Most recently (December 2015), with occupancy at 91.4%, the market area absorbed an additional 564 units, while the "stabilized" occupancy, without the two properties in lease up is currently 95.2%. Out of the 27 communities within the Near East Austin market area, Capitol Market Research has identified four communities that are comparable in construction and location: 7East (2015), Corazon (2015), Elan East

Development Overview

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- 11 Crescent Apartments



(2014), and Eleven (2014). In addition, CMR used two mid-rise properties with smaller than average unit sizes that are outside of the Near East market area, just south of Lady Bird Lake, Lamar Union (2015), and The Crescent (2009). The average rent among these six projects is \$2.28 per square foot which is 36.20% higher than the market area average rent per square foot of \$1.69. Since the apartments at the Rail at MLK Station will be made up of smaller “micro-unit” studios, small one bedroom units, and a limited number of two bedroom units, with an unit average square foot size (493 sq.ft.) much smaller than the comparable properties, it seems reasonable to estimate obtainable rents for the subject will exceed this amount. Three of the comparable properties (Corazon, Lamar Union, and The Crescent) are obtaining higher rental rates with a much larger unit size. The proposed unit amenities at The Rail at MLK Station will include European style kitchen appliances, granite countertops, custom cabinetry, and vinyl wood flooring. In addition, the units will

include technological features such as USB outlets, remote thermostats, Google Fiber, Google TV and Nest® thermostats. In order to maximize the space, units will include built-in Murphy Beds, convertible desks and pullout cabinets. The proposed project amenities include a professionally designed gym with state of the art cardio equipment, a graded entry negative edge swimming pool on the 2nd floor, a 2,800 square foot landscaped courtyard, a rooftop deck with skyline views, and access to the 2.4 acre Chestnut Plaza Community garden, amphitheater, and Skate Park. In addition, the project will include an electric vehicle charging station, designated motorcycle parking area, secured bicycle storage, and a bicycle repair station.

There is a healthy “shadow” market of leasable homes, attached single family, and condos within the Near East Austin market area. Currently (January 2016), there are 45 home, condos, townhomes, and apartments listed for lease within one and a half miles of the subject, in prices ranging from \$625 to \$4,500 per month, for

an average of \$2,216 per month. Most of the properties listed for lease are at rental rates much higher than what The Rail would offer. In addition to the properties for lease, there are 99 homes, condos, and townhomes currently listed for sale within a one and a half radius of the site, that have an average listing price of \$453,745 ranging from a low of \$145,000 to a high of \$1,175,000.

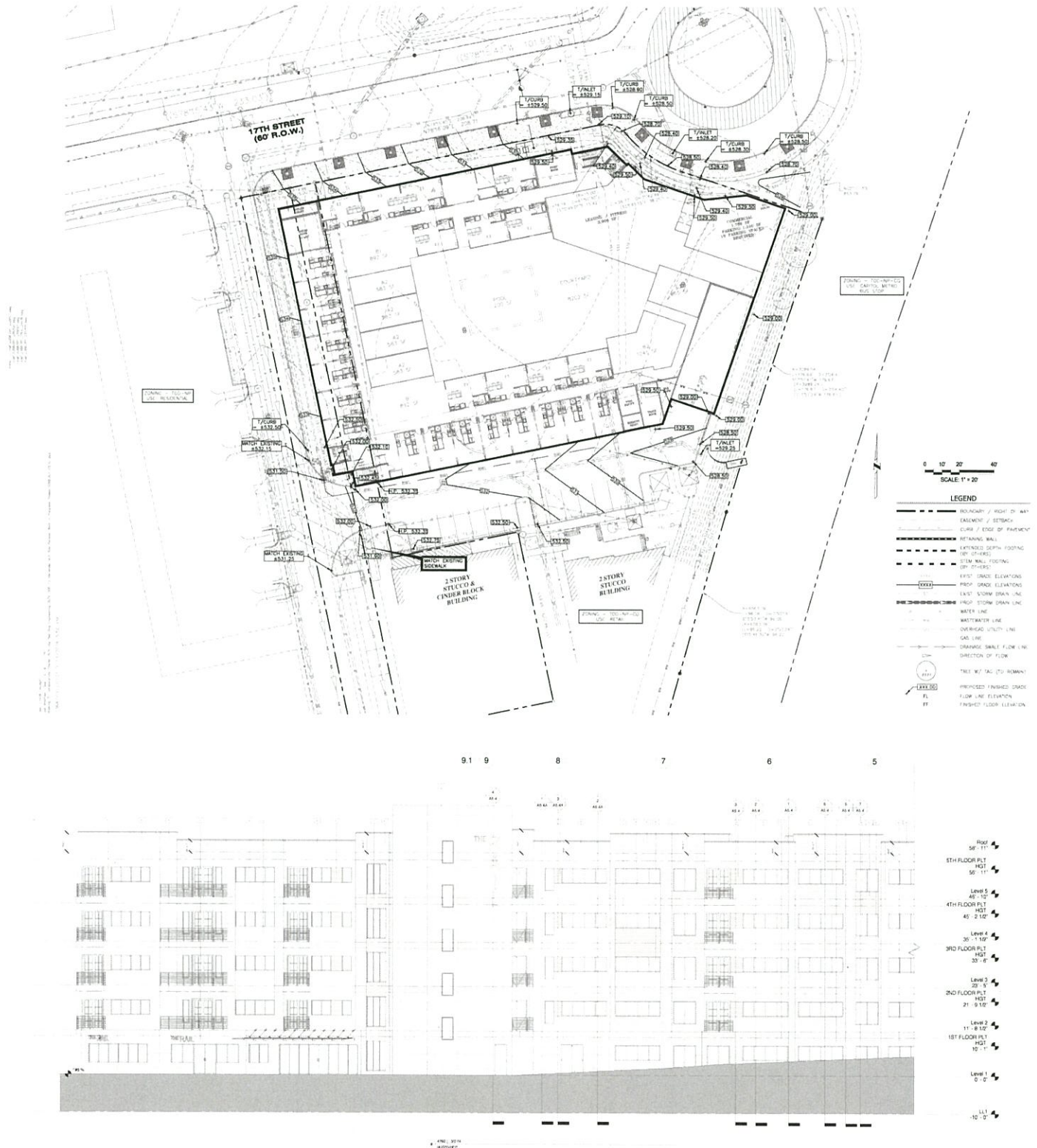
Based on the information available to CMR, there is one existing HUD insured project in the defined Near East Austin market area, Elm Ridge, originally built in 1970, which is also a 4% LIHTC project, renting at 30% MFI. Because the existing HUD insured project is of older construction and rents exclusively at 30% MFI, CMR can confirm that it will not be negatively impacted by the development of The Rail at MLK Station.

The subject should achieve a lease-up rate of approximately 23 units per month. The subject property has a capture rate that is calculated at an average of 13.5% in 2017 and 2018, and should compete well with other existing and planned properties in the market area.

Development Overview

Site Layout

The proposed site is located at the roundabout of E. 17th Street and Alexander Ave. just off of E. MLK in east Austin. The main lobby and retail entrance are located on this roundabout giving residents a 200 ft. walk to the Cap Metro Rail station and bus stop, providing accessibility to the whole of Austin via the public transit system. Gated access to the 2 floors of subgrade parking is located on the south side of the building.



Chestnut Commons Master Plan

A master planned 36.5 acre philanthropic community created by the Meredith Foundation, Chestnut Commons is situated on a site previously known as the Featherlite tract in the Chestnut neighborhood of east Austin. Located east of I-35 on the MLK corridor, what makes Chestnut Plaza unique is the vision to build a community center by way of a central plaza that serves as the catalyst for future development. Included in the plans are a stone vault amphitheater and a BMX skate park that will be part of the planned 7.5-acre MLK Jr. Park east of the rail. Currently at the site there are several nonprofit headquarters and a 2.4-acre community garden. This transit oriented development (TOD) is immediately adjacent to the MLK train station, offering a one-stop 7-minute commute to the convention center downtown. Affordable housing is a key feature in the Chestnut Plaza plan for responsible development, which The Rail is expected to add to.



**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

EXECUTIVE SESSION

Recess into Executive Session Pursuant to

- a) § 551.071, Texas Gov't Code, consultations with Attorney regarding pending or contemplated litigation; or a settlement offer**
- b) §551.072, Texas Gov't Code, deliberation about the purchase, exchange, lease or value of real property**
- c) §551.074, Texas Gov't Code, deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee**
- d) §551.077, Texas Gov't Code, discuss certain economic development negotiations.**

Return to Open Session for discussion, consideration and possible action of matters discussed in Executive Session

**AUSTIN AFFORDABLE HOUSING CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

Adjournment

November 16, 2017